

**THE REGENTS OF THE UNIVERSITY OF CALIFORNIA
MEETING AS A COMMITTEE OF THE WHOLE**

July 14, 2010

The Regents of the University of California met on the above date at UCSF–Mission Bay Community Center, San Francisco.

Members present: Regents Blum, Cheng, DeFreece, De La Peña, Gould, Hime, Island, Johnson, Kieffer, Lansing, Lozano, Makarechian, Marcus, Reiss, Ruiz, Varner, Yudof, and Zettel

In attendance: Regents-designate Hallett and Pelliccioni, Faculty Representatives Powell and Simmons, Secretary and Chief of Staff Griffiths, Associate Secretary Shaw, General Counsel Robinson, Chief Investment Officer Berggren, Chief Compliance and Audit Officer Vacca, Provost Pitts, Executive Vice Presidents Brostrom and Taylor, Senior Vice President Stobo, Vice Presidents Beckwith, Duckett, Lenz, and Sakaki, Chancellors Birgeneau, Block, Blumenthal, Desmond-Hellmann, Drake, Fox, Kang, Katehi, White, and Yang, and Recording Secretary Johns

The meeting convened at 8:35 a.m. with Chairman Gould presiding.

1. PUBLIC COMMENT

Chairman Gould explained that the Board had been convened as a Committee of the Whole in order to permit members of the public an opportunity to address University-related matters. The following persons addressed the Board concerning the items noted.

- A. Mr. Charles Schwartz, UC Berkeley professor emeritus, criticized the work of the UC Commission on the Future. He stated that the Commission has failed to articulate the main problem of the University, the need to secure enough financial support for core research. He expressed his opinion that the Regents do not understand where UC funding comes from and how it is used.
- B. Mr. Richard Sawransky, an employee of 18 years at the UCSF Mount Zion facility, expressed concern about losses in the UC Retirement Plan (UCRP), possible reduction of retirement benefits, and the resumption of contributions to the UCRP.
- C. Mr. Joe Pulido, a UC employee of 30 years and recent retiree, expressed concern about the UCRP. He urged the University to include its workers in its decision-making process in order to maintain institutional quality.
- D. Ms. Farrah Moos, a UC Berkeley student and representative of the UC for Responsible Investments Coalition, stated that UC investments should reflect UC

values when possible and criticized the University for voting against shareholder resolutions that would promote human rights and U.S. energy independence. She cautioned that inaction on the issue of responsible investing could jeopardize UC's reputation and credibility.

- E. Ms. Jasmine Hill, president of the UCLA Undergraduate Students Association, urged the Regents to create a committee on responsible investing. She asked that the University adopt proxy voting guidelines that would promote the long-term financial health of UC and ensure that companies in which UC invests support UC goals. The University can reduce reputational risk through transparency and accountability.
- F. Mr. Douglas Wagoner, a UC Santa Barbara student, stated that the large amount of money invested by the University, \$55 billion, should be invested in a socially responsible way. An oversight process should be in place to ensure this. He advocated the formation of a UC-wide committee on socially responsible investing.
- G. Ms. Amatullah Alaji-Sabrie, a representative of the Coalition of University Employees (CUE) and International Brotherhood of Teamsters Local 2010 and a UC employee of over 15 years, read a statement by Teamsters Public Services Division director Michael Filler expressing the Teamsters' commitment to ensuring that CUE Teamster members secure a fair contract.
- H. Ms. Mary Higgins, a representative of CUE, continued reading the statement by Mr. Filler, which discussed the Teamsters' examination of bullying, discrimination, and hostile work environments at UC. Ms. Higgins expressed her concern about the lack of disability benefits for part-time employees and about management of the UCRP.
- I. Ms. Mary Guttmann, an employee at the UCSF Mount Zion facility and a member of the American Federation of State, County and Municipal Employees (AFSCME) 3299, expressed concern about the UCRP and UC retiree health benefits, which are crucial for employee retention. She opposed the idea of allowing employees to opt out of the pension plan and choose a defined contribution plan.
- J. Ms. Patricia Olivares, a UCSF employee of 19 years, expressed concern about possible changes to the UCRP and cuts to benefits for UC employees. She reported that her co-workers are among the lowest-paid UC workers. They remain at UC because of the benefits. She demanded that these benefits not be cut.
- K. Mr. Keith Dews, a UCSF employee, expressed concern about possible cuts to the UCRP. He asked the Regents to deal with the situation in a way that would be beneficial to all involved.

- L. Mr. David Parrish, a neighbor of the UCSF Parnassus campus, expressed support for the University's efforts to improve conditions on Mt. Sutro, which is an open space landmark. He stated that opinions that have been expressed opposing the University's plans do not reflect the general view of the local community.
- M. Mr. Robert Samuels, an instructor at UCLA, reported that he recently taught a course which was partially online. He stated that online courses would not save time or money. He warned of technical errors and problems with student retention. He expressed his concern that the University had not consulted sufficiently with UC faculty who have experience with online instruction. Mr. Samuels also expressed concern about UC investment losses.
- N. Mr. Craig Dawson, a neighbor of the UCSF campus, noted that he has been a member of a community advisory group to UCSF for 18 years. He emphasized the importance of UCSF's dialogue with community members for the successful management of Mt. Sutro and for the establishment of the Mission Bay campus.
- O. Mr. Kevin Hart, a neighbor of the UCSF Parnassus campus and member of a community advisory group, praised the campus for the community advisory group process it has implemented. The process has been responsive, civil, and flexible. UCSF has worked well with its neighborhood. He urged the University to continue to support that process.
- P. Ms. Yvette Falarca, an organizer for By Any Means Necessary (BAMN), urged the University to create an institutional aid policy for undocumented students, to make the UC system a sanctuary system for workers and students, and to join BAMN in its lawsuit against Proposition 209.
- Q. An international student at UC Berkeley and BAMN member noted that many immigrants have come to the U.S. legally and illegally to pursue the American dream. He urged the University to support the Development, Relief and Education for Alien Minors (DREAM) Act.

2. **REMARKS OF THE CHAIRMAN OF THE BOARD**

Chairman Gould welcomed the two new alumni Regents-designate, Mr. Bruce Hallett and Ms. Lori Pelliccioni. He recognized this as the first meeting with Regents Hime and DeFreece, who had been Regents-designate, as voting Regents, and with student Regent Cheng, who had been student Regent-designate. He noted that the Board would shortly vote on the appointment of the next student Regent-designate.

Chairman Gould observed that the past fiscal year was one of the worst in the University's history with regard to funding. Later that day there would be a preliminary discussion of 2011-12 budget issues. There is a certain irony in this, in that the State has not yet passed a budget for the current year. There are still uncertainties about this State budget. There have been encouraging words from legislative leaders and the Governor

about restoration of higher education funding, but there are no guarantees until the budget is signed.

California faces a precarious fiscal condition, with a budget shortfall still over \$19 billion. Economic recovery is difficult to achieve. Chairman Gould cited a recent survey by the Associated Press of the financially most stressed counties in the U.S. This ranking is based on unemployment, foreclosures, and bankruptcies. Thirteen California counties were placed among the top 20 in this survey, with Imperial County in first place.

While the State Legislature struggles to adopt a budget, the University is not being idle. Later that day the Regents would receive information about and take action on efficiency initiatives in order to achieve operational savings. Efficiency initiatives have been an important focus for the UC Commission on the Future. Chairman Gould reported that the Commission met the previous month and had lively discussions on several working group recommendations. A more detailed presentation of Commission recommendations is being planned for the Regents meeting in September.

The systemwide efficiencies to be discussed later represent a prudent and fiscally responsible approach endorsed by the Commission. The goal of these efficiencies is to achieve cost savings while maintaining quality, and to invest those savings in the University's academic and research enterprises. The Regents would also hear a presentation by UC Berkeley Law School Dean Edley about an undergraduate online instruction pilot project. This is an idea that has come of age. The important question for the University is to ensure that high-quality academic courses can be delivered with the level of rigor and student-instructor interaction that students expect. Chairman Gould expressed his view that UC can be a leader among selective research universities in exploring the field of online instruction as it moves forward. It would be better to lead in this case than to follow.

Chairman Gould concluded by referring to questions sometimes raised about the University's investments. He emphasized that the Regents take this matter seriously and that the University has outperformed its peer institutions over the last 20 years.

3. **REMARKS OF THE PRESIDENT OF THE UNIVERSITY**

President Yudof recalled that, about a year earlier, the University was faced with the prospect of a 20 percent budget cut. Budget reductions led to the furlough plan, fee increases, layoffs, and cutbacks in staff and faculty hiring. The current news from Sacramento is more encouraging. Legislative leaders and the Governor have made increases to the appropriations for UC. Difficult bargaining remains to be done and the new fiscal year has already begun. President Yudof expressed optimism about UC's effectiveness in communicating its message that cuts to the University hurt staff, faculty, students, and the future of California.

Several months previously, a number of campuses experienced incidents of anti-Semitism, bigotry, and intolerance. Each campus now has a council on campus climate,

culture, and inclusion for understanding and correcting underlying campus climate issues, rather than merely responding to individual incidents. President Yudof also chairs a systemwide Council on Campus Climate, Culture, and Inclusion. The President's Council is broadly representative of many communities. President Yudof expressed confidence that Council members would provide helpful advice to the University on these matters. He emphasized that the University values freedom of expression and the airing of different opinions. President Yudof expressed his and the Regents' commitment that the University provide a safe, accepting environment. The goal to which UC aspires is that no single group or student should feel excluded or fearful on a UC campus.

The University plays an important role when crises affect others. Following the April 20 Deepwater Horizon oil spill in the Gulf of Mexico, UC researchers, faculty, students, and staff have been engaged in assessment and cleanup efforts. Six UC-affiliated researchers served on the government panel which determined that the amount of oil spilling into the Gulf was greater than originally believed. When U.S. Secretary of Energy Steven Chu formed a scientific panel to advise British Petroleum, he selected UC Berkeley professor emeritus of engineering George Cooper as a member. The UC Davis-based Oiled Wildlife Care Network has had a presence in the Gulf region for more than two months, spearheading the rescue and rehabilitation of marine mammals and lending expertise to the seabird rescue operation. At UC Irvine, researchers including Nobel Laureate and chemist F. Sherwood Rowland are analyzing air samples collected from the spill area to test for the presence of harmful chemicals. The nation and the world clearly look to the University for leadership in solving critical problems, whether natural disasters, disease, or environmental challenges.

President Yudof reported that the previous month he accepted an award for the UC system's environmental leadership from Global Green USA, a leading environmental organization. UC was honored for its commitment to environmental research, academic programs, and transformative sustainability initiatives. UC provides a model of advances in green technology. The Governor has selected UC Davis as the site for the third annual Governors' Global Climate Summit.

Remarkable research is carried out at the University. UCLA researchers, working with colleagues in Japan, have developed saliva tests to detect pancreatic, breast, and oral cancers. Researchers at UC Irvine have created an early-stage retina from human embryonic stem cells, an achievement which could lead to made-to-order retinas for patients with eye disorders. At UC Berkeley, scientists have discovered an inexpensive catalyst for generating hydrogen from water, rather than plutonium, a breakthrough which will reduce the cost of hydrogen power. At a time when UC struggles for adequate funding, it is important to remind the world of the tangible value of the University, apart from educating students.

President Yudof expressed pleasure at the recent announcement of a gift of \$100 million to UCSF from Marc and Lynne Benioff for the new children's hospital at the Mission Bay campus. The Benioffs had earlier made a number of gifts to UCSF anonymously, and saw the effectiveness of their donations. President Yudof cited this as an example of

the value of anonymous gifts. Maintaining donor privacy is essential in order to support philanthropic giving.

President Yudof invited Chancellor Katehi to address the Regents. Chancellor Katehi recalled the difficult decision the Davis campus announced in April to eliminate four National Collegiate Athletic Association Division I sports: women's rowing, men's wrestling, men's swimming and diving, and men's indoor track and field. The decision directly affected 73 female student athletes, 80 male student athletes, and the coaching staffs.

The loss of four sports at UC Davis is a painful consequence of the financial crisis in California and the financial position of UC. Chancellor Katehi stated that the decision regarding these four sports should be understood in the context of the campus' overarching financial challenges. For the past two years, the entire UC system has been working to resolve an unprecedented State budget shortfall. At UC Davis, the shortfall has totaled more than \$228 million since July 2008. The total shortfall for fiscal year 2009-10 was \$115 million, 20 percent of the campus' general fund budget. Faculty, students, and staff at UCD have been affected in irreversible ways. The campus has eliminated almost 1,100 positions, including layoffs of hundreds of employees, and has imposed furloughs on most faculty and staff.

To minimize the impact on all Davis students, the campus has endeavored to be as strategic as possible in making reductions. The campus has depleted reserves and substantially cut expenditures. Student fees were increased by a substantial amount for undergraduates and graduate students. Within this budgetary context, Chancellor Katehi accepted the recommendation and made the decision to discontinue the four sports. As she told the UC Davis community in an April 28 letter, she made this decision only after considering numerous possibilities and alternatives and consulting with campus leadership. She made it clear that she had full faith in those who participated in the review process, and was confident that their evaluation and review was comprehensive, fair, and deliberative.

Chancellor Katehi stated that discontinuing these four sports has the least impact on student athlete participation and provides the most realistic, sustainable approach to supporting continued academic and athletic excellence in the campus' athletics program. UC Davis is committed to helping student athletes from discontinued sports complete their studies at UCD. Those receiving grants-in-aid in 2009-10 will continue to receive them as they make regular progress toward their degrees.

Concerns have been expressed about the timing of the decision. The campus made the announcement on April 16 so that current and prospective student athletes could make choices about where to study and compete in the future. The National Letter of Intent signing period for some sports began on April 14. The campus' decision was consistent with and honored the spirit of two relevant UC Davis student referenda. Chancellor Katehi emphasized that the decision, while controversial, is final. She reported that, a few days previously, she had testified on this matter before State Senator Florez's Senate

Select Committee on Gender Discrimination and Title IX Implementation. She stressed her personal commitment to women's participation in higher education and in athletics, and the campus' commitment to gender equity. Chancellor Katehi expressed her belief that the campus' newly constituted 23-sport program complies with the settlement achieved in the *Brust v. Regents* case in 2009 and with federal Title IX requirements. She observed that the average number of varsity sports in Division I programs is 18; the campus believes that its program remains comprehensive. The program meets what is called "Prong One" of Title IX's compliance test, which requires an institution to maintain competitive opportunities for men and women in substantial proportion to the ratio between the genders in the undergraduate population.

Since the decision to discontinue the four sports, many have expressed concern about the "Eight Core Principles" which have guided the development of intercollegiate athletics at UC Davis, and Principle 5 in particular, which states that "UC Davis cannot reduce its broad-based program, but rather must seek to add sports." At the time these principles were developed, no one foresaw the budget reductions of the magnitude experienced in recent years. Unfortunately, current financial realities do not allow the campus to follow all eight principles. Chancellor Katehi stated that she is recommending that an impartial outside group review the eight core principles and give the campus advice and guidance as to whether these principles or perhaps others could hold up better over time. She concluded by remarking that UC Davis will continue to offer 23 varsity sports and a greater number of club sports. The varsity program consists of 14 women's teams with about 340 student athletes and nine men's teams with about 280 student athletes. She hoped that the campus would now move forward together to ensure the long-term success of its student athletes on and off the field of play.

4. **REMARKS OF THE CHAIR OF THE ACADEMIC SENATE**

Faculty Representative Powell observed that administration and faculty have together made a great effort to respond to the external crisis that has severely reduced State support for the University. At the same time, both have a common goal to maintain quality in the tripartite mission of teaching, research, and service. The Academic Senate, in its standing committees and ten divisions systemwide, has been unstinting in its efforts to fulfill the mandate of shared governance, the historic grant of the Regents that has created a unique academic partnership in which all UC faculty take pride. Additional effort was required during the current year to ensure both the immediate and long-term impact of the UC Commission on the Future. Dr. Powell thanked Regent Island for his visit to the Board on Admissions and Relations with Schools (BOARS), Chairman Gould for his visit to the Academic Council, and Regent Marcus for his interest in graduate education.

The University has increased its media and outreach efforts during the past year. Dr. Powell recognized that President Yudof has refocused attention on the crisis in public higher education by emphasizing California's dependence on its public higher educational institutions not only for education, but also to meet the needs of a knowledge-based economy. California is a research-dependent state which must continue

to create both knowledge and a specialized workforce appropriately prepared to meet the state's needs for economic innovation and growth that flows from innovative effort. Because of UC's determined outreach effort, there is more public recognition of the State's responsibility to support public higher education. During the past year, UC faculty have worked especially closely with their colleagues at the California State University and the community colleges to emphasize their common interest and their complementary missions in delivering high-quality education, including career and technical, liberal arts, and scientific education.

Dr. Powell quoted the second president of the University, Daniel Coit Gilman (1831-1908), who lamented that it was very difficult to build a great university in an atmosphere of public clamor and legislative interference. In the current environment, public clamor appears to have been replaced by public complacency, and a sustained effort by all elements of public higher education to explain their mission seems more necessary than ever. Dr. Powell emphasized that efforts to educate the public about the value of higher education and its economic importance must continue. He stated that, as he returns to the faculty, he looks forward to assisting in this effort to promote higher education, to deliver a first-rate educational experience to students, and to maintain the high quality for which the University is known.

Chairman Gould thanked Dr. Powell for his dedication and exemplary service to the University.

Regent Kieffer expressed his view regarding the importance of shared governance at the University and the importance of research for the University's reputation. He asked about the term "mandate" in regard to shared governance.

Dr. Powell responded that the term emerged in the early 1920s, when many decisions were made personally by the President. Faculty felt that they had essential insights and contributions, and addressed a memorandum to the Board of Regents in which they asked for a culture of consultation. Dr. Powell noted that this culture has since been sustained and discussed its importance to the University, in particular for the faculty.

Regent Kieffer expressed his support for the philosophy of shared governance.

5. REPORT OF THE CHAIR OF THE COUNCIL OF UNIVERSITY OF CALIFORNIA STAFF ASSEMBLIES

Mr. Lin King, the Chair of the Council of University of California Staff Assemblies (CUCSA), presented the organization's annual report for 2009-10. He recalled that CUCSA's mission is to maintain and enhance communication within the University community. CUCSA accomplishes this by providing a forum to discuss matters of interest to employees and by providing staff feedback to University administrators. CUCSA includes delegates from the ten campuses, Lawrence Berkeley National Laboratory, and the Office of the President (UCOP). CUCSA was formed in 1974. Mr. King recognized the important role of UCOP Director of Employee Relations

Howard Pripas as primary liaison with the administration, reviewed CUCSA's quarterly meetings in 2009-10, and thanked those Regents who had attended them.

Mr. Ravinder Singh, CUCSA Chair Elect for 2010-11, reported that CUCSA had four work groups this year, concerned with internal communications, policies and procedures, strategic communications, and staff morale. The staff morale work group conducted a systemwide survey and received more than 2,200 responses. The survey identified three main areas in which staff would like to see improvement: supervision, professional/career development opportunities, and employee recognition and rewards. The work group developed low-cost ideas to address these three areas. To improve supervision, the University could provide mechanisms for bi-directional assessment; to increase professional/career development opportunities, the University could provide a centralized location for all UC recruitment listings; and to increase employee recognition and rewards, CUCSA recommends providing formal employee incentive and recognition programs.

Mr. King outlined areas of focus for the coming year: UC advocacy; compensation and benefits for policy-covered staff; educational benefits equity, in comparison with other institutions such as the California State University; talent management; tolerance and diversity; and a continued concern with sustaining excellence at UC. This year CUCSA will inaugurate an Outstanding Chancellor Award, in recognition of chancellors' efforts to support staff during difficult times.

Chairman Gould thanked the presenters for CUCSA's efforts and input throughout the year. He stressed the important role played by staff, as part of a unified University community, in UC advocacy and in communicating the University's message.

Staff Advisor Martinez thanked CUCSA for its support for the Staff Advisor role, and for its feedback and service.

Regent Lozano emphasized that the future of the University depends on the ability of its constituents to work together, including staff. She welcomed CUCSA's commitment to diversity and expressed support for staff talent management and for a sophisticated approach to providing new opportunities to staff. She praised CUCSA for its willingness to recognize chancellors with a new award and saw this as a positive statement about the working relationship between staff and administration.

The meeting adjourned at 9:50 a.m.

Attest:

Secretary and Chief of Staff